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UNITED STATES COMMERCIAL RELATIONS WITH CUBA

A Survey

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U.S. DEPARTMENT OF COMMERCE
Domestic and International Business Administration
Bureau of East-West Trade

UNITED STATES COMMERCIAL RELATIONS WITH CUBA:

A SURVEY

U.S. Department of Commerce
Domestic and International Business Administration
Bureau of East-West Trade

August 1975

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FOREWORD

"United States Commercial Relations with Cuba: A Survey" is an updated version of a statement for the record submitted by Arthur T. Downey, Deputy Assistant Secretary of Commerce for East-West Trade, as part of testimony before the Subcommittee on International Trade and Commerce of the House Committee on International Relations on June 11, 1975.

This survey responds to inquiries for information concerning the current status of United States commercial relations with Cuba.

August 1975

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I. A REVIEW OF CUBA'S PRE-REVOLUTIONARY ECONOMIC HISTORY, 1902-1958

Cuba -- A Sugar Based Economy

Like most island economies, Cuba was, and is today, heavily foreign-trade oriented. Between the mid-1950's and the 1960's annual imports equaled from 22 to 32 percent of GNP. (See Table 1) In the years prior to the 1959 revolution, U.S. investment in Cuba was large and this, coupled with close geographical proximity, made the U.S. the number one trading partner of Cuba, with the U.S. regularly accounting for 60 to 70 percent of both Cuban exports and imports. (See Tables 2 and 3)

Cuba's trading welfare is now and has been in the past, very much tied to sugar. The economy is heavily impacted both by the level of its sugar production and world market sugar prices. In 1958, sugar accounted for 79 percent of Cuba's dollar value of exports and in 1972, even before the large rise in prices, sugar exports provided nearly 74 percent of export income.

Consequently, much of Cuba's economic development has been influenced by international sugar prices and other economic factors outside its control.

Cuban Trade Links with the U.S. 1902-1930

For more than 50 years after U.S. troops departed Cuba in 1902 at the close of the Spanish-American War, the U.S. maintained a special economic relationship with its island neighbor.

Encouraged by the political stability underwritten by the Platt Amendment to the Cuban Constitution, U.S. commercial interests expanded to dominate the economy from 1901 to 1934.

U.S. direct investment increased substantially and by 1927, fully one-half of the sugar industry was U.S. controlled. The balance of U.S. ownership was in the railways, other public services and land. Twenty-two percent of all Cuban land and 90 percent of its electrical generating capacity was owned by U.S. companies in the early 1930's.

Sugar and the Economy 1930-58

Sugar, always the lifeblood of the Cuban economy, has been a commodity heavily affected by U.S. legislation and international agreements. Cuba was long dependent on the U.S. as a market for its sugar and it supplied a major portion of total U.S. sugar consumption (See Table 4).

The 1937 International Sugar Agreement established a world sugar export market of 3.62 million tons with Cuba's share of the world market at 26 percent. However, the International Sugar Council defined the world market to exclude trade movements between special areas such as the U.S. and Cuba. The U.S. Sugar Acts of 1934 and 1937 allocated 29 percent of total U.S. sugar consumption to Cuban suppliers. Cuba's quota was raised to 42 percent of U.S. imports by a new sugar act in 1953.

However, political events and not legal documents were the determining factors in the actual composition of sugar trade during the period. European and Pacific hostilities during World War II left Cuba virtually the sole supply of free world sugar and Cuba actually supplied an average of 45 percent of the U.S. market from 1942-47.

Other Pre-Revolution Economic Developments

The 1940 Cuban Constitution provided an institutional basis for democracy, and an interim of political stability. Beginning in 1941, the Cuban economy exhibited

remarkable growth. Several factors were responsible for the growth including the fact that World War II made Cuba the basic free world source of sugar. The sugar industry prospered and by 1947 Cuba's international monetary reserves had increased to $601 million. As a result of a government policy of "Cubanization of the sugar industry," Cuban-owned capacity accounted for 22 percent of production in 1939, but that share had risen to 62 percent by 1958, at which time the Cuban economy had arrived at a high point in its development.

Cuba also began to follow a new international economic policy based largely on bilateral trade agreements (11 of which were concluded by 1958), even though multilateralism had been established as the guiding principle of world trade with the signing of the GATT in 1947. Both Cuba and the U.S. were signatories but they maintained their bilateral tariff preference system by enacting an exclusive supplementary agreement to the GATT in that same year.

Additional positive factors included the establishment of the National Bank of Cuba as the country's first central bank in 1950. The Cuban population shared generally in the increasing level of prosperity as per capita national income rose from 91 pesos in 1940 to 344 pesos in 1951.

Nevertheless, Fulgencia Batista abolished the 1940 Constitution in a 1952 coup d'etat. Batista's economic policy resulted in a decline in sugar production, while the non-sugar industries and tourism continued to prosper, aided by an infusion of U.S. capital. However, the rate of increase in per capita national income slowed to less than 1.5 percent per annum during the years 1951-57, a sharp decline from the average annual increase of 8.3 percent achieved from 1945-51.

An increasingly unstable domestic political situation culminated in the establishment of a revolutionary

provisional government by Dr. Fidel Castro, who assumed the post of Prime Minister in January 1959.

U.S. commercial involvement with Cuba had reached a pervasive level by the time the revolution occurred. In 1958, U.S.-Cuba trade totaled more than $1 billion. The U.S. accounted for 71 percent of Cuba's total exports and 64 percent of its imports. Also in that year, Cuba supplied 38 percent of total U.S. sugar consumption, an amount equal to 58 percent of Cuba's total sugar exports. U.S. foreign direct investment in the island controlled 1/3 of the public utilities.[1/] U.S. interests controlled more than 30 percent of the sugar industry and exerted major influence in the mining and manufacturing sectors where sales by U.S.-owned firms in Cuba exceeded 1/4 of Cuba's GNP.

1/Estimates of U.S. direct foreign investment in Cuba vary due to methodological differences, e.g., use of historic book value rather than depreciated book value.

II. DEVELOPMENT OF A CENTRALLY PLANNED CUBAN ECONOMY 1959 TO PRESENT

The Centralization of Economic Decision Making

From January 1959 to February 1961, Cuba underwent a rapid transformation from a capitalist, market economy to a centrally planned, socialist economy.

Initially, the most important economic institution (resulting from the Agrarian Reform Law of May 1959) was the Institute for Agrarian Reform (INRA). Economic decisions came to be increasingly implemented by departments of the INRA.

The Marxist-Leninist character of the new government was clearly demonstrated when a noted communist, Ernesto (Che) Guevara was appointed President of the National Bank of Cuba in November 1959. Immediately, dollar transfer payments to British and U.S. petroleum suppliers were suspended and imports of crude oil from the U.S.S.R. began to replace traditional suppliers. The Western companies operating the Cuban refineries refused to process the Soviet crude and, in August 1960, these firms were nationalized. The U.S. responded by reducing Cuba's sugar import quota. Cuba then expropriated all U.S. assets and in October 1960 the U.S. established a partial embargo allowing only food and medicine exports to Cuba. U.S.-Cuba trade was thus reduced to negligible amounts. A complete embargo was imposed in 1962, followed by the freezing of Cuban assets in the U.S. and a prohibition on dollar transactions with Cuba in mid-1963. The embargo was made multilateral by the OAS in 1964.

The appraised value of U.S.-owned assets expropriated by the Cubans was $1.8 billion, while the U.S. impounded Cuban assets of approximately $30 million.

Completing the transition to a state trading nation, a Ministry of Foreign Trade was established as the "only administrative center authorized to conduct Cuba's foreign trade." The National Bank was reorganized in February 1961 and placed in complete control of all internal and external banking, financial and credit activities.

Having nationalized most of the economy by the end of 1961, Castro announced a four-year plan for economic development which projected an annual growth rate of 13 percent for the economy as a whole. By March 1962 the unrealistic growth assumptions of the plan were apparent and stringent rationing of all types of foodstuffs and consumables was decreed.

The Cuban Agrarian Reform Law of 1959 was finally consolidated in October 1963. By early 1964, 76 percent of the agricultural land had been nationalized under the control of the INRA, with 24 percent remaining in the private hands of the members of the Association of Small Farmers. During this transition period sugar production declined to 3.8 million tons in 1963 -- from 5.9 million in 1959. Overall, the Cuban economy maintained perhaps a 2 percent per annum real growth rate throughout the 1960's, a rate not exceeding population growth.

Shortages were acute and Castro exchanged Bay of Pigs prisoners for $48 million in medicine food and tractors from the U.S. in 1962-1963. By October 1965, rationing had been expanded to include sugar and clothing.

Impact of the Move to Socialism on Cuba's Foreign Trade

The impact of domestic political events on Cuba's international economic relations was direct and pronounced. A permit system was established in 1959 to control the flow of imports. Total trade turnover for 1959 fell to $1.38 billion from a 1958 level of $1.6 billion, a 14 percent drop.

The 1958 level of Cuban total trade was not consistently reached again until 1967, although 1964 trade did total $1.7 billion. 1959 imports totaled $672 million and exports $740 million, with the U.S. maintaining its dominant share of 68 and 69 percent respectively. (See Table 5).

The Decline in U.S.-Cuba Trade

Maintenance of the paramount U.S. position in Cuban trade was to prove only temporary, however, as relations between the U.S. and Cuba continued to deteriorate. Castro chose not to participate in trade negotiations offered during his unofficial visit to the U.S. in 1959.

The redirection of Cuban foreign trade away from the U.S. took a decisive turn in February 1960 when Castro and Soviet Prime Minister Mikoyan signed a Bilateral Trade and Payments Agreement. The two countries exchanged mutual MFN status and the U.S.S.R. committed itself to annual purchases of at least one million tons of raw sugar through 1964. It also agreed not to re-export any of its Cuban sugar purchases. Payment was to be 20 percent in dollars and 80 percent in merchandise. Furthermore, a permanent bilateral clearing arrangement was established between the National Bank of Cuba and the Soviet Foreign Trade Bank, allowing two-way trade without the use of convertible currencies. Such agreements are a common trade settlement mechanism among socialist countries. The Russians also agreed to provide a $100 million, 12 year credit with repayment in sugar and other exports.

The Soviet commitment to one-million tons of annual purchases of Cuban sugar, compared with a U.S. purchase of 3.24 million tons in 1958, substantially reduced Cuban dependence on sales to the U.S. The decline in the U.S. share of Cuban trade begun in 1959 now accelerated. (See Table 2). By 1962, two-way trade between the two countries had dropped from a 1958 high of $1.07 billion to only $20 million.

The Increase in Socialist Country - Cuba Trade

Conversely, trade with the socialist countries increased sharply in 1961. Previously, Cuba traded on a regular basis only with Czechoslovakia, which, as an original GATT member, had non-discriminatory tariff status. The U.S.S.R. had received significant Cuban sugar exports only occasionally.

However, following the 1960 Cuban-U.S.S.R. agreement, the orientation of Cuba's trade swiftly changed towards the socialist countries. (See Tables 3 and 5).

Thus, by 1962, socialist countries had assumed an 82.9 percent share of Cuba's total trade turnover and thus replaced the U.S. as Cuba's dominant trade partner. The U.S. share, 69 percent of 1959 turnover, fell to only 1 percent in 1962.

While the direction of Cuba's trade was dramatically altered after the revolution, the composition of its exports did not change significantly. Sugar accounted for 74 percent of total exports in 1959 and 84.5 percent in 1965. (See Table 6). Typically, nickel and tobacco together made up another 10 percent, with fish and fruit adding less than 5 percent.

Data on the value composition of Cuban imports in the early years of the Castro government are not available for comparison purposes. However, we do have quantity statistics for some commodity imports. (See Table 7). Major components of Cuban imports were petroleum and derivative products, since Cuba has little domestic supplies of petroleum.

Fertilizer, rice and wheat were also imported in substantial quantities. Autos, trucks and tractors comprised most of the manufactured goods imports from socialist suppliers. Following the characteristic of other socialist, centrally planned economies, in the early 1960's Cuba reoriented its imports away from consumable goods and put heavy emphasis on importation of capital goods.

As always, however, sugar continued during the 1960's to be the key indicator for Cuban foreign trade. The Soviets became the main sugar purchasers of Cuban sugar as the U.S. withdrew its quota in 1960. The Soviets purchased almost 50 percent of total Cuban production in 1961. Their purchases have fluctuated with the size of the Cuban and Soviet crops (See Table 8) and usually have been at subsidized prices, often substantially greater than existing world market prices. The value of this subsidy was greatest in 1966 when the U.S.S.R. purchased 38 percent of the Cuban crop at 6.11 cents per pound when the world market price was 1.86 cents per pound, equivalent to a subsidy of $140.0 million in that year alone. 2/

Integration of Cuba into the Socialist Community 1970 to Present

The close association of Cuba with the socialist economies in general, and with the Soviet Union in particular, was institutionalized when the Soviet-Cuban Joint Commission for Economic, Scientific and Technological Cooperation was formed in 1970. The Commission has met five times since its inception, beginning in September 1971, and these meetings have set the pace for current involvement of the Soviet Union in the Cuban economy. The first session reportedly discussed cooperation in various fields including nickel production, irrigation, fishing, port modernization, civil aircraft and computers.

2/ A large portion of world sugar trade is under bilateral preference arrangements at prices greater than the world market price. Therefore, the actual Soviet subsidy may have been less than this estimate.

Between the second and third meetings, Cuba converted its observer status into full membership in the Council for Mutual Economic Assistance (CMEA) in July 1972. CMEA, also known as COMECON, was originally formed in 1949 as a socialist country economic union in response to the Marshall Plan. The scope of its activities has expanded over time to include coordination of the economic plans of member countries, technological cooperation, financial and technical development assistance and the facilitation of intra-CMEA trade. Among the operating CMEA institutions are the International Bank for Economic Cooperation (IBEC), created in 1963 as a trade account clearing bank, and the International Investment Bank (IIB), formed in 1971 to provide financial credits to members for development projects.

Currently, 9 countries are members of CMEA[3/] with Cuba unique in that it is the only member not geographically contiguous to the rest of the group and, of course, the only member in the Western Hemisphere.

In joining CMEA, Cuba further institutionalized its close economic ties not only with the U.S.S.R. but also with the other socialist countries. It is generally recognized in the West that CMEA functions and organs have not operated as designed, and that CMEA has not yet become a major economic instrument. However, to the extent that CMEA is effective, Cuba may benefit from IIB development financial assistance and from an ability to trade multilaterally within CMEA without the necessity of parting with convertible currencies by utilizing the IBEC clearing mechanism.

3/ CMEA members are: U.S.S.R., Poland, German Democratic Republic, Romania, Czechoslovakia, Hungary, Bulgaria, Mongolia, and Cuba. Yugoslavia has observer status and Finland has associated status.

Several areas of possible CMEA assistance to Cuba have been discussed, including further development of nickel, citrus fruits and paper production from sugar cane waste. Cuba's recent trade with CMEA members other than the Soviet Union has averaged about $300 million since 1970. (See Table 9 for details). Generally, 75 percent of Cuba's exports to CMEA consists of sugar.

In December 1972, five bilateral economic agreements were concluded between the Soviet Union and Cuba providing for:

1) A restructuring of Cuban debts, i.e., those accumulated prior to 1973 would now fall due in 1986, with repayments in interest-free installments over 25 years.

2) A line of credit to finance Cuba's balance of payments deficits during 1973-75, with repayment commencing in 1986.

3) A long-term trade agreement between the two countries, with actual volumes to be negotiated annually. (This bilateral process continues today.)

4) Technical cooperation and a "low interest" credit of $360 million to construct two new and refurbish seven old textile mills, remodel two nickel plants and improve the auto, electric power and cane harvesting industries.

5) A new price of 12 cents per pound for Cuban sugar exports and $5,450 per ton for nickel; both subsidized levels, since existing world market prices were then 7.4 cents and $3,500 respectively.

A fourth Commission meeting was held in December 1973 in Moscow, with the only apparent result being a beginning of negotiations between JUCEPLAN, the

Cuban State Planning Organization, and the Soviet State Planning Committee (GOSPLAN) on coordination of five year economic plans for 1976-80.

The Soviets have demonstrated interest in helping Cuba to diversify its basically one commodity economy, by efforts to increase nickel production. A protocol was signed in September 1974 implementing a cooperation program to reconstruct the Moa and Nicaro production facilities and to build a large mining complex at Punta Gorda. A total investment of $600 million is projected, possibly with International Investment Bank participation. Plans call for increasing Cuba's current annual nickel output from 36 thousand to 65 thousand tons by 1980.

The fifth meeting of the Commission occurred in December 1974 amidst little publicity. Havana Radio announced only that "important agreements" on future cooperation were reached.

The composition of Soviet exports to Cuba has remained rather consistent since 1968 with a few interesting exceptions. The portion of machines and equipment in total exports declined from 36.5 percent in 1968 to 26.2 percent in 1973. Consumer goods have increased from 1.2 percent to 4.1 percent of total exports, but actual dollar amounts of consumer goods imports remain small, e.g., about $37 million in 1973. Nitrogen fertilizer has declined from 1.6 percent to 0.7 percent of the total Soviet exports to Cuba (for a more complete composition see Table 10).

The major Soviet export to Cuba is, of course, petroleum. In 1956 Cuban domestic crude production was only 57 thousand metric tons and consumption in 1958 was about 3.1 million tons. Consequently, Cuba has always been dependent on imported petroleum sources, the U.S. and Venezuela being its primary pre-embargo suppliers. Soviet oil supplies have increased substantially from about $70 million in 1968 to $155 million in 1973. As with sugar and nickel, Cuba has benefited from a subsidized price here as well, since

Soviet imports in 1974, for example, were priced at about one-half world levels and, although increased in 1975, are still probably near the subsidized price of about $7.50 a barrel charged other CMEA members. Utilizing Soviet figures for the value of oil exports to Cuba and assuming the price equaled 50 percent of the world price on average, the resultant cumulative subsidy totaled about $175 million from 1972-74. In late 1974, a multilateral arrangement was begun which, if expanded, could marginally reduce the Soviet burden in supplying Cuba's oil requirements. A small amount of crude deliveries from Mexico to Cuba are being made on Soviet account. The Cuban-Soviet partners, therefore, save the cost differential between transporting crude oil to Cuba from Mexico as compared to shipping to Cuba from the U.S.S.R. However, the U.S.S.R. still absorbs the margin between the Mexican (world) price and the subsidized price of Soviet deliveries to Cuba.

III. CURRENT CUBAN FOREIGN TRADE

Administration of Foreign Trade

Like other centrally planned economies, Cuba conducts virtually all its foreign trade through a central Ministry. Trade financing is exclusively arranged by the National Bank of Cuba in accordance with the policies of the Ministry of Foreign Trade.

Foreign trade enterprise , called "Empresas", have been established to conduct all trade in specific product lines. There are 20 such enterprises for imports and 6 for exports. A complete listing together with current directors and mailing addresses appears in Table 11.

Total Trade

The value of Cuba's total trade increased dramatically from $3,080 million in 1973 to $5,195 million in 1974, an increase of 68 percent. Dollar value of total exports nearly doubled to about $2.7 billion, as a result of a nearly tripled world sugar price. This increased Cuba's import capacity and total imports thus rose by 44 percent. The resulting surplus in Cuba's balance of trade of almost $300 million was the first since the Castro take-over in 1959.

Largely by reason of price increases on that portion of its sugar sold to the West, the socialist countries' share of the total dollar value of trade declined rather sharply from 68.4 percent in 1973 to 58.8 percent in 1974, while the Industrialized Western countries and other non-socialist countries' shares were about one-fifth respectively. Consequently, hard currency earnings nearly tripled to about $1.4 billion (See Tables 3 and 5 for details.)

Export Composition

As usual, sugar dominated the composition of Cuban exports, accounting for 90 percent of the 1974 total, or $2.4 billion. The steady increase in exports of shellfish grew by 25 percent in 1974, to $53 million. Other exports, such as nickel, tobacco and citrus fruits maintained their approximate 1973 levels. The composition of Cuban exports to all countries appears in Table 6.

Import Composition

Although data on the composition of 1974 total imports is not yet available, information on Cuba's imports from selected Western countries is. That data, presented in a subsequent section, tends to confirm that the composition of Cuba's total demand for imports in 1974 remained similar to those products supplied by the U.S.S.R. in 1973, e.g., oil and related products, transportation equipment, agricultural machinery, grain, flour, chemicals and some consumer goods. (See Table 9 for details).

Cuban Dependence on the U.S.S.R.

Although the Soviet Union's share of total Cuban trade in dollar value terms declined sharply from 51.6 percent to 38.7 percent in 1974, Cuba remains substantially dependent on the U.S.S.R. Almost all of its petroleum imports and a major portion of its machinery and foodstuffs come from the Soviet Union. The Soviets have purchased sugar from Cuba at subsidized prices which have provided Cuba with the equivalence of about $825 million since 1961. Also, Cuba continues to receive substantial financial assistance in the form of credits, with the Soviets providing about $200 million in 1974. The amount of Soviet assistance in the form of loans arranged since 1961 totals approximately $4.4 billion, with sugar subsidies adding another $825 million. (See Table 12 for details.) Little is known about the repayment structure of the debt to the Soviets. However, maturities are beyond 1986 and could constrain Cuba's capacity to import from the West in the long

term, since although hard currency repayment presumably is not required, Cuba will be required to commit to the Soviets a substantial portion of its exports in order to effect repayment in kind.

Recent Developments in Cuban Trade with the West

In the recent past, Cuba has increased the portion of its trade with non-socialist countries. As indicated in Table 5, Cuba's trade with countries outside the socialist group increased from a low of less than 20 percent of total trade in 1966 to almost 32 percent in 1973, and in 1974 to more than 41 percent. There are, of course, many economic and political variables influencing this change, including the impact of record high sugar prices, the repayment schedule of Cuba's debt to the Soviet Union, etc. Nevertheless, recent trade data, combined with public statements by Cuban officials and successful Canadian and Mexican trade missions seem to indicate that a basic policy change has occurred in favor of increased trade with the West.

While the U.S. maintains an embargo on direct commerce with Cuba, other Industrialized West countries[4/] have recently increased their trade with the Castro government. Detailed data on trade between the Industrialized West (IW) countries and Cuba is provided in Tables 13 through 16. IW total trade with Cuba more than doubled from $667 million in 1973 to almost $1.5 billion in 1974. Overall, IW exports to Cuba exceeded IW imports from Cuba by $158 million in 1974 as IW exports to Cuba increased 119 percent from $368 million to $807 million while imports from Cuba, mostly sugar, rose by 113 percent from $309 to $657 million.

The composition of Cuban exports to the IW is heavily concentrated in primary products (SITC's 0-4) with SITC 0 (primarily consisting of sugar, tobacco and shellfish for Cuba) accounting for 91.4 percent of total exports in 1974. (See Table 13). Manufactured goods (SITC's 5-9) accounted for only 3.7 percent of Cuba's exports to the IW last year.

4/ Industrialized West = Canada, France, Netherlands, Belgium/Luxembourg, United Kingdom, Japan, West Germany, Italy, Sweden, Norway, Austria, Denmark, Switzerland, United States.

Cuba's imports from the Industrialized West exhibit far more diversity than its exports to those countries. (See Table 14). Manufactured goods totaled $615 million or 76 percent of 1974 total imports from the IW. Of that, 32 percent was machinery and 26 percent semi-manufactures. Cuban imports of primary products almost doubled from 1973 to 1974 to about $200 million, 21 percent of which were in the Food and Animals (SITC 0) category.

Tables 15 and 16 present individual IW country shares in Cuban imports of both primary and manufactured goods. Canada continues to be the prime supplier of Cuba's food needs and although its imports of these commodities doubled in 1974, the portion of Cuba's total primary product imports supplied by Canada decreased to 64 percent from 79 percent in 1973. In 1974 France and the Netherlands significantly increased both their dollar volume and market shares of primary product exports to Cuba.

In the last five years, Japan has replaced Italy as the most important source for Cuba's purchases of Western manufactured goods. However, the 39 percent market share it enjoyed in 1973 declined to 32 percent in 1974. West Germany, in contrast, increased its share from 11.5 to almost 18 percent during 1974. Having established diplomatic relations with the Castro government in January, 1975, the West Germans are likely to become increasingly important participants in Cuba's trade. France was able to maintain its 9.5 percent market share after it had declined steadily from 20 percent in 1970.

Several Western countries are aggressively committed to expanding trade with Cuba, as evidenced by offers of trade financing credits totaling about $3.4 billion since early 1973.

Since these credits are available only to finance exports from the grantor, and since each has some specific time period during which the credits can be used, it remains to be seen to what extent the credits will be utilized. Nevertheless, as indicated below, the volume of Western credit offerings is very large vis-a-vis the size of the Cuban economy, since the latest available[5/] Gross Material Product figure for 1966 was only $3.7 billion.

5/ Pat Holt, of the Senate Foreign Relations Committee recently quoted an estimated Cuban 1973 GNP of $15.1 billion.

Publicized Offers of Trade Financing Credits since August 1973	(U.S. $ Millions) Amount
Argentina	$1,200*
France	350
Canada	155
Euromarkets	238
United Kingdom	596.5
Japan	5.6
Spain	900
	$3,445.1

*$200 million a year for six years. Deadline for utilization of other credits shown is unknown.

IV. CURRENT STATUS OF U.S.-CUBAN TRADE

Commerce Department Involvement

The legal foundation of the U.S. embargo on trade with Cuba is essentially contained in three statutes: the Foreign Assistance Act of 1961, as amended, the Trading with the Enemy Act of 1917, as amended, and the Export Administration Act of 1969, as amended[4/]. The first two statutes provide the legal authority for the promulgation of the Cuban Assets Control Regulations, 31 C.F.R. Part 515, which prohibit virtually all commercial and financial transactions with Cuba or Cuban nationals, absent specific authorization therefor from the Secretary of the Treasury or his designee. These regulations are currently being administered by the Office of Foreign Assets Control in the Department of Treasury.

The third statute, the Export Administration Act of 1969, as amended 50 U.S.C. App. §2401 et seq., empowers the Department of Commerce to control exports to achieve three policy objectives: to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand, to further significantly the foreign policy of the United States and to fulfill its international responsibilities, and to protect the national security of the United States. On February 3, 1962, the President issued Proclamation 3447 which established an embargo on U.S. trade with Cuba. Responsibility for administration of the embargo was delegated to the Departments of Treasury and Commerce. The Commerce Department's implementing regulations provide that prior approval from the

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4/ The Export Administration Act of 1969, as amended is a successor to the Export Control Act of 1949, which contributed authority to the 1962 embargo.

Commerce Department is required to export or reexport virtually any U.S. origin commodity or technical data to Cuba or to use U.S. origin materials, parts or components in foreign made products destined for Cuba. The Commerce Department also applies restrictions on the bunkering in U.S. ports of foreign vessels owned or chartered by Cuban entities.

Export Licensing to Cuba, 1971 - June 1975

Relatively few exceptions to the embargo have been granted by this Department. The following Table shows export licensing to Cuba during the last few years for two categories of authorizations, (1) gift parcels shipped in bulk and (2) other exceptions to the general embargo (the figures in parentheses show the number of applications approved.)

Licensed Shipments to Cuba, Bulk
Gift Parcel and Other Exceptions
1971-1975

Year	Bulk Gift Parcels		Other Exceptions	
1971	$ 79,200	(21)	$ 50,322	(21)
1972	6,300,000	(254)	51,956	(38)
1973	3,600,000	(32)	112,660	(24)
1974	4,566,300	(21)	541,610	(34)
1975 (Jan-May)	3,075,000	(5)	27,744	(14)

Under the "other exceptions" category, a few individual commercial shipments of unique anti-cancer medicines have been approved over the years. Authorizations have also been given for large shipments of gift parcels. Shipments for the Pan American Health

Organization and supplies for foreign diplomats in Cuba constitute the bulk of the remaining authorizations and since 1970 have ranged from about $50 to $60 thousand per year. In 1973, such authorizations totaled $112,660 because of very large shipments for the Health Organization.

Otherwise, most exceptions have involved sales by U.S. subsidiaries in third countries, and have been approved only when U.S. foreign policy considerations have been paramount.

Effectiveness of the U.S. Embargo

The trade embargo with Cuba was particularly effective in the early years, that is during most of the 1960's, since it denied the Cuban economy badly needed spare and replacement parts for a wide range of machinery and and vehicles which were predominantly of U.S. origin. In recent years, Cuba has been able to switch to other capital goods suppliers, and thus has become less dependent on U.S. equipment. Accordingly, the adverse effect of the embargo on Cuba has lessened. However, Cuba continues to show interest in selected U.S. products and appears to have a particular preference for such U.S. items as automotive vehicles, video equipment, food processing and air conditioning equipment, rice, *et alia*.

The success of the embargo over U.S. goods was due to an energetic enforcement program by the USG and cooperation on the part of many U.S. firms and their subsidiaries abroad. Numerous reports at attempted diversions of U.S. goods were received by the USG and were investigated. Commerce issued at least 45 denial orders[5/] in the 1960's against firms and individuals for transacting, or attempting to transact, sales of U.S. origin commodities for ultimate destination to Cuba. In such instances, foreign firms purchased U.S. goods for use, ostensibly,

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5/ Denial of U.S. export privileges pursuant to administrative compliance proceedings.

in their countries; the actual intent, however, was to divert or transship such goods to Cuba. In the majority of cases, the individuals or firms who were charged with violations of the Export Control Regulations were foreign; in some, involving conspiracy, U.S. firms or individuals were also involved. Since Cuba's primary requirements were for replacement parts and spares for its mining, transportation, sugar mill, power industries, etc., which had been developed with U.S. equipment, the sources of supply for replacements and spares were the original U.S. manufacturers. A close rapport between these manufacturers and Commerce enforcement personnel enabled Commerce to thwart many proposed exports to West European countries after establishing that illegal diversions to Cuba were planned. The combined Commerce and Treasury controls governing the supply of such goods abroad are also believed to have been similarly successful in preventing shipments to Cuba during the 1960's. USG monitoring of Cuban requests for certain special items of U.S. manufacture is, of course, being maintained and whenever relevant information is obtained, appropriate action is initiated to ensure that unauthorized exports are not made.

The restrictions imposed by the Department of Commerce on trade with Cuba have been part of overall U.S. policy. There is, however, one aspect of Commerce's role vis-a-vis Cuba that is more positive. Over the past 20 years, the U.S. National Weather Service of the NOAA has consistently maintained telecommunications contact between its Miami office and the Havana Weather Service. This network serves the humanitarian purpose of supplying essential data on hurricane activity in the Caribbean and South Atlantic areas. The service is leased from a U.S. firm and, rental fees are paid by the Cubans and NOAA, in alternate six-month periods.

In addition to the telecommunications link, U.S. Hurricane Hunter aircraft operate over Cuba several times a year. Flight clearance, both inside and outside the commercial overflight corridor are obtained via the Swiss Embassy, and both military (U.S. Navy) and NOAA civilian aircraft are utilized.

Recent Limited Modification of U.S. Embargo Policy

The Organ of Consultation of the Organization of American States, acting under the Rio Mutual Defense Treaty, adopted a resolution on July 29, 1975 which allows each signatory country to determine for itself the nature of its economic and diplomatic relations with the government of Cuba.

Subsequently the State Department announced a modification of those aspects of the U.S. denial policy which affect third countries' trade with Cuba,such as certain transactions by U.S. foreign subsidiaries located in countries that favor trade with Cuba, the use of U.S. origin parts, components or technology in foreign made products destined for Cuba and the bunkering of foreign ships engaged in Cuba trade.

Under the revised policy, foreign subsidiaries of U.S. firms, located in third countries, can now in some instances be granted license for certain types of transactions involving the export of non-strategic foreign made commodities to Cuba. Parent companies of these subsidiaries should apply to the Office of Foreign Assets Controls of the Treasury Department for a license to engage in such transactions with Cuba.

Regarding the use of U.S. origin parts and components in foreign made products, the Department of Commerce will give favorable consideration, on a case-by-case basis, for use of insubstantial quantities of U.S. materials, parts or components in non-strategic products manufactured abroad and destined for Cuba. However, companies must apply to the Office of Export Administration (OEA) in Commerce for prior approval of any such transaction. Moveover, the general policy of denying exports or reexports of U.S. origin goods as such, i.e., when not incorporated in foreign manufactures, has not been relaxed. Where U.S. technology is utilized in a foreign manufactured product destined for Cuba, inquiry should be directed to OEA to ascertain whether or not Commerce's controls are applicable.

Finally, on August 29, Commerce announced the revision of its bunkering regulations to permit general license bunkering of third country ships engaged in Cuba trade. However, bunkers will continue to be denied to vessels registered in, owned or controlled by, or under charter or lease to Cuba or a Cuban national.

V. Potential Economic Benefits from a Resumption of U.S.-Cuba Trade

Costs of Continuing the Embargo

Whenever natural trading patterns between two trading partners are distorted or broken, there are losses to both sides. Cuba and the U.S., by reason of their geographical proximity and the complementary nature of their production, were natural trading partners and could be again in the future if conditions were to permit.

So long as the other industrialized nations of the West and Western Hemisphere nations participated with the U.S. in the embargo of Cuba, there was a significant cost in lost trading opportunities to Cuba and its Soviet sponsor bore a heavy subsidy burden to keep the Cuban economy afloat.

The economic opportunities lost to the U.S. through participation in the embargo were minimized by alternative sources for the products that Cuba could supply and the relatively small import potential of Cuba stemming from its poor hard currency position. However, other nations outside the CMEA bloc are increasing their commerce with Cuba as higher sugar prices make Cuba a more attractive trading partner. Unilateral continuation of the Cuba embargo becomes a bit more costly to the U.S., though that economic cost is still relatively small.

Cuba as an Exporter to the U.S.

Sugar

Currently, sugar imports can no longer be used as an active instrument of U.S. foreign policy since the U.S. Sugar Act expired at the end of 1974.

Essentially, the U.S. now participates in a world free market, except that the embargo forecloses Cuban sources. Cuban sugar could, if the embargo is lifted, compete with other foreign and domestic sources for the U.S. market. (See Table 17 for current sources of U.S. sugar supply.)

In general, American sugar consumers and producers would probably not be greatly affected by a resumption of U.S.-Cuban trade in sugar. This derives from the fact that the world sugar price is set by free market forces -- i.e., world marketing of sugar and free market demand for sugar. We do not think that either would be significantly influenced by a redirection of Cuban sugar exports.

Of course, there could be marginal benefits derived from reopening the U.S. market to Cuban sugar. The transport costs would obviously be lower, than from the Philippines for example.

On the other hand, sugar imports from Cuba would be subject to Column 2 tariff rates even if the embargo were lifted immediately. Most Favored Nation treatment would be made available only under the provisions of the Trade Act of 1974 and this would require Cuba to meet the freedom of emigration provisions as well as to enter into a complex bilateral commercial agreement with the U.S.

The tariff differential (Column 2 - Column 1) for sugar is approximately 1.2 cents per pound. Under free market conditions, one would expect that this differential would impede U.S.-Cuban sugar trade to some extent. Just how much would depend on a variety of issues -- some of which we can enumerate but which are too complex to analyze completely. They include: Cuban incentives to recapture part of the U.S. sugar market both for political and longer-run economic motivations; the relationship between world sugar market prices and

the prices that Cuba might achieve through bilateral large scale contracts if they can negotiate them, the size of transport savings; and any premium American companies may be willing to pay to regain access to Cuban sugar.

There are however, other constraints on the exports of Cuban sugar to the U.S.

There is a question of what amount of Cuban sugar is not already earmarked for the Soviet, Eastern European and Japanese markets. Cuban sugar export patterns for selected years are shown in Tables 18 and 19. Actual delivery volumes are established in annual bilateral negotiations with these countries. Therefore, only rough estimates of potential U.S. supplies are feasible.

Since 1971, total Cuban sugar production has averaged 5.4 million tons and 25 to 35 percent has been exported to the Soviet Union. In addition, the remaining members of CMEA have consistently received 750 to 850 thousand tons of Cuban sugar while exports to North Korea, North Vietnam and the PRC usually total 550 thousand tons. Finally, since 1971, Japan has annually taken from 900 thousand to one million tons. Therefore, the amount of Cuban sugar saleable on the world market can be expected, on average, to be about 2 million tons, all of which could theoretically be purchased by the U.S. since there are no long-term agreements with non-communist countries. Another constraint is legal. Absent a claims settlement, any imports of Cuban sugar could result in U.S. court action based on attachment of the sugar by former owners of the plantations.

Nickel

Nickel is another item which the U.S. must import from some foreign source. Cuba in 1974 accounted for 8.4 percent of total world reserves and 4.6 percent of world production. With technical and financial assistance from

CMEA, Cuba is expanding its nickel production from a 1974 volume of 35,000 tons to a projected annual production of 65,000 tons by 1980. Plans call for increasing capacity further by an additional 30,000 tons to 95,000 tons by 1985, with assistance from Western producers. By comparison, Canada and New Caledonia produced 290,000 and 115,000 tons each in 1974. (See Table 20) The expanded 1980 Cuban production level would result in an addition to world production equal to only about four percent of 1974 levels. However, even with this relatively small portion of world production, Cuba could become a major world source of supply since, lacking a significant domestic requirement, most production would be available for export. Unfortunately, one cannot be very specific as to the portion of Cuban nickel exports which would be available to U.S. buyers, if relations were normalized, since the extent of Cuba's bilateral and multilateral nickel export commitments to other users is not known.

However, the principal potential advantage of U.S. nickel purchases from Cuba, as compared to reliance on other suppliers, would result from any transportation economies involved. But given the current nickel price of $4,020 per ton, a significant saving on purchases from Cuba, visible to U.S. users, seems unlikely. Nevertheless, availability of Cuban nickel, after a normalization of relations with the U.S., would enable U.S. buyers to diversify their sources of supply. The U.S. must now import 90 percent of its nickel raw materials. During 1971-74, it relied on Canada both directly for an average of 70 percent of its annual imports, and indirectly for an additional 8 percent supplied by Norway, but produced with materials imported by Norway from Canada (See Table 21.)

Other Products

Only 15 percent of Cuban cigars and rum were exported to the U.S.S.R. in 1972. The Soviets also purchased 33 percent of the citrus crop in that year. Cuba does not export fish to the Soviet Union although it does market substantial quantities elsewhere.

In sum, the U.S. can expect that Cuban sugar, nickel, tobacco, rum and fish will be available if the embargo is lifted. However, it should be noted that a lack of non-discriminatory tariff status could seriously impede some of these imports.

Table 22 lists the current tariff rates which would be applicable to likely Cuban exports to the U.S. and indicates substantial differentials between the Column 1 (MFN) and Column 2 (non-MFN) rates. At the current world free market price of about 18 cents the non-MFN differential of 1.325 cents per pound would add over 7 percent to the price of sugar from Cuba. The differentials on other items are relatively greater.

The Potential for U.S. Exports to Cuba

The most significant potential U.S. loss from continuation of the embargo, however, lies in the possibility of lost job-creating export sales. Unless the U.S. economy is at full employment without exports to Cuba, the embargo on Cuba eliminates exports to that country. It therefore decreases total U.S. export volume, with consequent unfavorable impact on the balance of payments and domestic employment levels. Of course, the volume of potential exports to Cuba and the opportunity cost of failure to trade is, at its largest, very small relative to the size of the U.S. economy.

Any assessment of the potential Cuban market for U.S. exports depends on several factors. 1) Whether or not Cuba is attempting to diversify its sources for imports to relieve present dependence on socialist sources, 2) Whether the substantial savings in transport costs will actually influence Cuba's purchasing decisions, 3) Whether U.S. trade financing credits will be available on competitive terms, 4) the extent of any competitive edge from technical and quality superiority, that accrues to U.S. goods, and 5) Cuban hard currency capabilities, largely the product of sugar and nickel prices.

If such factors are, in fact, positive influences, U.S. sales could be expected in some of the product areas currently supplied by Soviet and Western sources. One could anticipate sales of know-how and equipment in such areas as transportation equipment (especially autos and trucks), sugar cane processing equipment, merchant marine and port equipment railway and communications systems, housing construction and computers. Further, Cuba may be a large market for U.S. agricultural commodities such as wheat, flour, rice, corn, vegetable oil, protein livestock feeds, and for fertilizers.

Additionally, a substantial market for U.S. rice may exist in Cuba. Cuba is one of the largest per capita rice consumers in the Western Hemisphere and, before the revolution, the U.S. annually supplied an average of about 187 thousand tons (about $35 million per year at then current prices) during 1956-59. Recently, Cuba has obtained most of its rice from the People's Republic of China, importing an estimated 225 thousand tons in 1974. Since political ties between the PRC and Cuba are not particularly strong, in a normalized trade situation the U.S. might be able to capture most of that market, especially when the transportation advantage is considered.

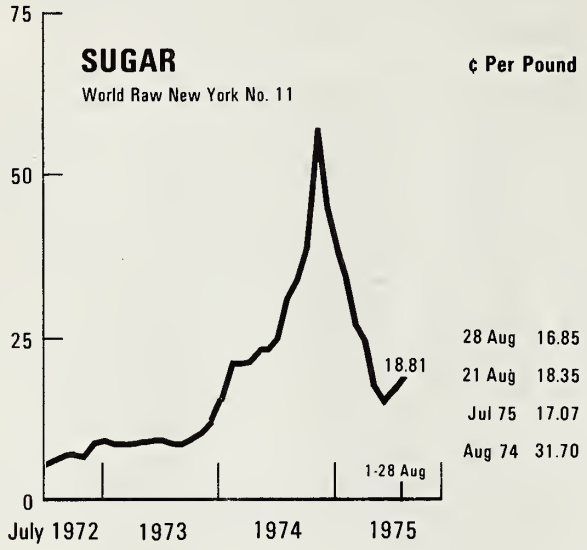
Given that the Cuban people have continued to be exposed to U.S. products and tastes via Florida media broadcasts, it is possible that the U.S. could some day supply a major share of Cuban consumer goods imports. However, while a severe suppressed demand exists as a result of years of rationing, the size of the consumer good import market depends on the Cuban government policy choice between capital investment and consumption. Indications are that the 1976-80 five-year plan is not likely to move Cuba far in the direction of a consumer society. The current market for U.S. consumer goods exports is thus probably very small (1974 imports of consumer goods from the Soviet Union were only about $37 million).

There is also an impossible-to-quantify market for spare parts for U.S. equipment installed in Cuba before 1960. No specific figure is available and the Cubans are reported to have replaced U.S. equipment in some instances with Soviet and other Western technology. Nevertheless, a potentially significant instant market could still exist.

Cuba's capacity to import, of course, varies directly and dramatically with the world price of sugar. For example, from 1961-74, Cuban sugar exports to non-socialist buyers averaged 1,850 thousand metric tons, which, at the high 1974 average world price of 29.99 cents per pound, would have earned about $1,109 million. However, that same export volume at the 1958 world average price of 3.5 cents per pound, would have earned Cuba only $129 million. Since the Cuban revolution, world sugar prices have ranged from

a yearly average in 1966 of 1.86 cents to an all time high of more than 50 cents at the end of 1974. The recent trend in world prices shown below in Figure 1 clearly demonstrates the potential instability of Cuban export earnings over time; an instability which necessitates qualification of any forecast of Cuban trade levels with hard currency countries.

FIGURE 1



Cuban Gains from Trade

A number of economic gains could accrue to Cuba from a resumption of normalized trade with the United States. Renewed access to the U.S. market would expand the potential hard currency market for sales of Cuban sugar, nickel, tobacco, fish and rum, providing there is production capacity not already committed to the CMEA bloc countries. Increased hard currency earnings would expand Cuba's capacity to import high quality equipment and consumer goods from Western markets, including the U.S., rather than from CMEA, with substantial savings in transport costs and an easing of resupply constraints and servicing problems.

Trade with the U.S. might result in efficiency improvements in the Cuban sugar industry from an infusion of U.S. agribusiness technology and equipment, fertilizers and agriculture chemicals. Superb natural growing conditions have allowed Cuba to pursue a policy of extensive rather than intensive sugar production, resulting in neglect of the agronomy side of their sugar industry, while concentrating on the harvesting and mill processing side. A lack of purchasing power and insufficient domestic production have limited the use of pesticides and fertilizer, both routine means toward higher yields in the U.S. cane industry. Thus, although Cuba is consistently a top world sugar producer, ranking third after the U.S.S.R. and Brazil[6/] in 1975, (See Table 23) substantial under-utilized production potential exists.

Only 19 percent of the 1974 crop was mechanically harvested, consequently, a labor force of 165,000 was required. About 1000 harvesters were in use and these were obtained mainly from Australia, the U.S.S.R. and domestic sources. Cuba is making slow but steady progress in mechanizing the harvest and plans call for 80 percent mechanization by 1980. Indeed, the soon to be published 1976-80 Five Year Plan reportedly calls for $3.5 billion of investment in the agriculture sector.

Gains could also result from the assistance of U.S. know-how in the tourist industry, another potential source for hard currency income. Prior to the revolution, the Cuban tourism industry was a major hard currency source. In the late 1950's, annual foreign visitors numbered about 350 thousand and Cuba had a surplus on its balance

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6/ Table 23 illustrates the dramatic growth of Brazilian raw sugar production (from 2.84 million tons in 1958 to 7.4 million tons for the 1975 crop year) compared to Cuban production of 5.6 million tons in 1958 and 5.5 for 1975).

of tourist account of $20 million in 1958. At that time, Cuba ranked third after Mexico and Panama, among Latin American countries in net tourism earnings. There are many factors which render the late 50's inappropriate for projections of tourism in the late 70's, but some potential for this industry probably does exist.

While the Castro government is apparently cognizant of tourism potential as a source of hard currency earnings, it also believes that tourism was the source of many pre-revolutionary problems. Nevertheless, the government has begun the initial steps to develop the necessary facilities if Cuba is to attract more foreign visitors. The Hotel Nacional is to be refurbished by Canadian firms at a reported cost of $7 million and several smaller hotels have already been built or are under construction. Fifty thousand visitors are expected in Cuba during 1975, about 20,000 of them Canadians.

VI. IMPEDIMENTS TO A RESUMPTION OF U.S.-CUBA TRADE

The resumption of U.S.-Cuban trade depends on the degree and pace with which the existing barriers are reduced and removed. In summary, these barriers are: (1) the U.S. embargo, (2) U.S. legislation and regulations that in one way or another prohibit or adversely affect trade and (3) the problem of business facilitation, given the radically different institutional framework that faces American traders in dealing with a non-market economy like the Republic of Cuba.

1. The Embargo

The Department of Commerce's rôle in the administration of the embargo has been considered in depth in Section IV and the Department of Treasury's embargo role was also noted.

A relaxation of the trade embargo can be effected under existing legislation; it can be accomplished by revisions of the Cuban Assets Control Regulations administered by the Treasury Department and the Export Administration Regulations administered by the Department of Commerce. The relaxation can be a complete lifting of the embargo accomplished in a single action, or a gradual step-by-step process, substantially the same as that employed previously in the relaxation of the embargo on trade with the People's Republic of China. The relaxation should, of course, be undertaken in such a manner as to continue the authority of the Commerce Department to regulate exports to Cuba for purposes of national security, short supply, and foreign policy.

A determination would have to be made as to whether U.S. exports to Cuba should be treated in essentially the same way as those of the Soviet Union, most Eastern European countries, and the People's

Republic of China, or in a different manner. At a minimum, Cuba's present close relationship with the Soviet Union would require maintaining some controls over the export of U.S. strategic commodities and technology whose unrestricted acquisition or diversion to communist countries might prove detrimental to U.S. national security interests.

2. Other U.S. Legal Restrictions to the Normalization of Relations

A. The Castro government has expropriated or nationalized American private property worth about $1.8 billion as determined by the Cuban Assets Claims Commission. A partial listing of major claims appears in Table 24 As long as these claims are outstanding, normal banking and shipping relationships cannot be restored, since Cuban assets in the U.S. would be subject to possible attachment. Moreover, Congress has passed legislation preventing Cuba from receiving "any benefit" until the President determines that Cuba has taken appropriate steps to settle the outstanding claims for Cuba's taking of property at least 50 percent owned by U.S. citizens.

The very large volume of expropriated or nationalized American private property clearly constitutes a major barrier to resumption of normal trade relationships. A similar situation exists with regard to MFN privileges.

B. MFN and the Trade Act of 1974 -- Cuban exports to the United States would be subject to Column 2 tariff rates unless the conditions of Title IV of the Trade Act concerning emigration are met. Moreover, granting MFN treatment would require the U.S. and Cuba to enter into a bilateral trade agreement. The lack of MFN could seriously hamper

Cuban ability to export to the U.S. Cuba would be ineligible for generalized preferences as a communist country under Section 502(B)(1) and as an expropriator of U.S.-owned property under Section 502(b)(4).

C. Financial -- as noted above, Cuba is now heavily in debt to the Soviet Union and has accepted substantial lines of credit from Canada among others. At present, Eximbank credits and guarantees and Commodity Credit Corporation credits could be made available only if the President finds that such action is in the national interest and, furthermore, that Cuba is complying with Sections 402 and 409 of the Trade Act of 1974 concerning freedom of emigration.

It is possible that Cuba will be found to be in default on obligations to the U.S. Government and therefore subject to the provisions of the Johnson Act. If so, private citizens would be unable to make general, all-purpose loans or buy Cuban Bonds. The prohibition has been interpreted inapplicable to extension of normal commercial credit, as part of a specific export transaction.

Additionally, because Cuba remains basically dependent on its sugar exports, its "ability to pay" and its creditworthiness in the eyes of commercial credit sources are very much correlated with sugar prices which, while still very high by former standards, have declined sharply from recent peaks.

D. U.S. Government Support for Agricultural Exports -- Title I of Public Law 480 contains strong restrictions on its use to support exports to communist countries, especially Cuba and North Vietnam.

The restrictions on Cuba "receiving any benefit" mentioned above may also affect agricultural exports supported under the Commodity Credit Corporation's programs.

3. <u>Business Facilitation and Interfacing With a Non-Market Economy</u>

Should the trade embargo be lifted and American businessmen become free to pursue Cuban trade, they

will be faced with a very different economy and a radically changed institutional framework from that in existence prior to 1959. State monopoly enterprises, called "Empresas" control all of Cuba's trade and no foreign investment is allowed. While Cuban exports have not changed greatly, their import demands shifted after the revolution toward a greater emphasis on machinery, and equipment and away from consumer goods.

Businessmen who want to do business with Cuba will generally not deal with the end-users of their products, but rather with the foreign trade "Empresas". Moreover, information on the Cuban economy is very limited.

TABLE 1

Cuba: Relation of GNP to Foreign Trade*

Year	GNP (U.S. $ Billion)	Exports as % GNP	Imports as % GNP
1956	$2.36	31.0	31.1
1957	2.80	28.8	32.0
1958	2.67	24.9	32.2
1961	2.7	23.2	23.7
1962	2.8	18.6	27.1
1963	3.2	17.0	27.1
1964	3.9	18.3	26.1
1965	3.8	18.0	22.8
1966	3.7	16.0	25.2

* Gross Domestic Product utilized 1956-58 and Gross Material Product for 1961-66.

TABLE 2

Cuban Trade with the United States
Selected Years in U.S. $ Millions

Year	Cuban Exports	Percent Total Exports	Cuban Imports	Percent Of Total Imports
1902	49.5	76.9	25.2	41.7
1909	109.4	87.7	46.3	50.7
1919	439.8	76.8	271.1	76.1
1927	256.1	79.0	159.1	61.8
1935	111.5	79.3	55.7	58.3
1940	104.9	82.4	81.0	76.7
1948	366.4	51.6	420.5	79.7
1956	457.1	68.6	519.8	80.1
1957	481.9	59.7	518.6	67.1
1958	527.8	71.1	546.9	63.6
1959	474.3	74.4	435.8	64.7
1960	357.3	57.8	223.7	38.5
1961	35.2	5.6	13.7	2.1
1962	6.8	1.3	13.4	1.8

TABLE 3

Cuban Exports (FOB)

	1958	1959	1960	1961	1962	1971	1972	1973	1974
Other IW 1/	167.3	107.2	92.4	58.6	69.0	210.0	229.0	341.5	656.0
United States	498.0	440.0	325.0	30.0	15.8	---	---	---	---
Other CPE's 2/	4.0	.2	43.7	156.0	183.0	251.0	202.0	315.0	550.0
U.S.S.R.	14.1	12.9	103.5	300.9	220.3	304.0	244.0	575.0	935.0
Other	59.0	77.7	43.0	79.0	33.0	95.0	162.0	148.5	604.0
TOTAL	742.0	637.0	608.0	625.0	521.0	860.0	837.0	1,380.0	2,745.0

Cuban Imports (CIF)

	1958	1959	1960	1961	1962	1971	1972	1973	1974
Other IW 1/	136.0	156.0	98.0	116.0	59.0	318.0	257.0	411.0	655.0
United States	581.0	500.0	300.0	26.0	14.0	---	---	---	---
Other CPE's 2/	2.0	2.0	44.0	199.0	217.0	238.0	218.0	275.0	425.0
U.S.S.R.	---	---	88.0	294.0	411.0	731.0	778.0	950.0	1,175.0
Other	139.0	82.0	108.0	67.0	58.0	100.0	44.0	64.0	195.0
TOTAL	858.0	740.0	638.0	702.0	759.0	1,387.0	1,297.0	1,700.0	2,450.0

1/ Austria, Belgium-Luxembourg, Canada, Denmark, France, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom, West Germany.

2/ Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, China, Mongolia, North Korea, North Vietnam

TABLE 4

Cuban Share of U.S. Sugar Market
Selected Years

Year	Total Deliveries for Consumption (Million Tons)	Percentage Supplied by Cuba
1928	6.643	47.0
1930	6.710	43.9
1932	6.249	28.2
1934	6.154	26.6
1947	6.861	31.4
1940	6.443	27.1
1943	6.466	44.2
1948	7.080	41.3
1950	8.249	39.6
1953	8.298	33.4
1956	8.995	34.4
1958	9.087	37.9

TABLE 5

Cuban Foreign Trade

Year	By Amounts ($ U.S. Million) Total	Exports	Imports	Balance	By Percentages Socialist	of Which U.S.S.R.	Non-Socialist States
1959	1,377	637	740	-103	30.6	n.a.	69.4
1960	1,246	608	638	-20	23.4	n.a.	76.6
1961	1,327	625	702	-77	75.9	44.6	24.1
1962	1,280	521	759	-238	82.9	49.4	17.1
1963	1,411	544	867	-323	74.4	44.3	21.6
1964	1,733	714	1,019	-305	63.1	39.5	36.9
1965	1,552	686	866	-180	69.9	48.4	30.1
1966	1,518	592	926	-334	80.4	52.4	19.6
1967	1,709	711	998	-287	75.8	54.1	24.2
1968	1,740	651	1,089	-438	76.5	51.5	23.5
1969	1,832	664	1,168	-504	72.1	46.7	27.9
1970	2,357	1,046	1,311	-265	71.6	49.2	28.4
1971	2,244	859	1,385	-526	70.7	44.1	29.3
1972	1,928	739	1,189	-450	67.9	47.9	32.1
1973	3,080	1,380	1,700	-320	68.4	49.2	31.6
1974	4,995	2,745	2,450	+295	58.8	40.7	41.2

TABLE 6

Cuba: Exports by Major Commodity
(Million U.S. $)

	1958	1961	1963	1965	1967	1969	1971	1972	1973	1974
Sugar	587	540	473	591	599	503	657	616	1,110	2,470
Raw Sugar	496	495	389	511	520	408)	634	596	1,090	2,445
Refined sugar	61	37	70	68	65	80)				
Molasses	30	8	14	12	14	15)	23	20	20	25
Minerals	37	36	35	50	54	92	135	125	165	165
Nickel	28	29	32	40	44	86	135	124	164	164
Other	9	7	3	10	10	6	0	1	1	1
Tobacco	49	38	22	33	30	42	32	40	42	35
Raw	37	32	15	19	11	14	14	15	13	10
Manufactures	12	6	7	14	19	28	18	25	29	25
Foodstuffs	22	4	4	5	10	28	36	52	58	70
Of which:										
Fish and Shellfish	4	1	1	3	5	13	21	28	42	50
Fruit	2	1	1	1	1	2	3	5	12	15
Rum	1	1	Negl.	1	2	3	1	3	4	5
Other	47	8	13	12	14	6	0	4	5	5
TOTAL	742	626	545	691	705	671	860	837	1,380	2,745

Source: Central Intelligence Agency Handbook; Cuba Foreign Trade; July 1975

TABLE 7

Cuba: Imports of Selected Commodities
(1000 Metric Tons)

	1958	1961	1963	1965	1967	1969	1971	1972	1973[a]	1974[a]
Foodstuffs										
Corn	n/a	n/a	n/a	n/a	n/a	112	153	172	112	250
Rice (milled)	194	n/a	190	282	157	186	280	256	220	225
Legumes	73	n/a	64	62	76	81	83	90	90	100
Wheat Flour	86	100[c]	248	231	285	290	346	308	336	312
Lard	82	n/a	48	39	41	23	26	20	40	40
Canned Milk	7	n/a	17	22	19	17	19	19	20	15
Raw Materials and Intermediate Goods										
Wheat	139	192[c]	278	265	300	343	401	476	420	397
Raw Cotton	9	15[c]	8	23	17	20	19	19	19	22
Crude vegetable oil	6	n/a	36	47	51	56	66	54	48	65
Industrial tallow	13	n/a	18	10	19	2	n/a	n/a	n/a	n/a
Woodpulp	30	n/a	52	18	35	30	39	31	n/a	n/a
Rubber (natural, regenerated, synthetic)	6	n/a	6	6	9	9	7	6	n/a[c]	n/a
Sulphur	11	64[c]	46	68	105	124	179	123	144	147[c]
Caustic Soda	16	14[c]	23	23	29	36	33	19	24[c]	29[c]
Pig Iron	3	45[c]	25	32	45	81	79	96	108	100
Tin Plate	22	n/a	30	23	43	44	40	39	31[c]	27[c]
Coke	41	10[c]	28	37	46	52	75	88	54	51
Fertilizer	181	n/a	331	432	1,250	862	614	652	n/a	n/a
Malt	18	n/a	19	15	20	0	n/a	n/a	n/a	n/a
Cotton Cloth[d]	n/a	n/a	n/a	81	50	63	57	53	50	45
Fuel										
Crude Petroleum	3,500	2,980	3,709	3,483	3,713	4,156	4,757	4,749	5,250	5,500
Fuel Oil	260	835	159	791	975	995	1,409	1,315	1,400	1,500
Gasoline	125	90	199	120	60	10	86	13	n/a	n/a
Transportation Equipment[e]										
Locomotives	35	n/a	2	n/a	n/a	66	7	1	11[c]	5[c]
Automobiles	16,064	n/a	1,457	n/a	n/a	747	2,037	1,085	1,574[c]	2,235[c]
Trucks	3,195	n/a	3,354	2,928	2,942	1,712	5,274	3,264	2,832[c]	2,525[c]
Buses	76	n/a	712	430	315	62	998	191	75[c]	72[c]
Tractors		n/a	3,443	6,574	6,249	8,828	7,042	3,024	4,002[c]	3,686[c]

a/ Provisional
b/ Estimated
c/ Imports from the U.S.S.R. only
d/ Million square meters
e/ Units

Source: Central Intelligence Agency Handbook; Cuba Foreign Trade; July 1975

TABLE 8

Cuban and Soviet Raw Sugar Trade

Year	Total Cuban Sugar Production (Metric Tons)*	Exports to the U.S.S.R. (Metric Tons)	Soviet Share of Total Production (Percent)	Soviet Price Paid (U.S. ¢ per pound)	Average World Price (U.S. ¢ per pound)	Total Value of Soviet Imports (U.S. $ Millions)
1953	5.0	.011	.2	3.46	3.41	.763
1954	4.746	.012	.2	3.3	3.26	.800
1955	4.394	.561	12.8	3.24	3.24	36.4
1956	4.660	.204	4.4	2.48	3.48	14.2
1957	5.504	.145	2.6	5.14	5.16	14.9
1958	5.610	.201	3.6	3.5	3.5	14.1
1959	5.964	.274	4.6	2.9	2.97	16.3
1960	5.862	1.467	25.0	3.21	3.14	94.2
1961	6.767	3.345	49.4	4.00	2.91	267.6
1962	4.815	2.333	46.4	4.13	2.98	184.5
1963	3.821	0.996	26.1	6.22	8.5	136.8
1964	4.589	1.859	40.5	6.00	5.87	247.3
1965	6.082	2.330	38.3	6.00	2.12	363.7
1966	4.866	1.841	37.8	6.11	1.86	250.8
1967	6.236	2.479	39.9	6.11	1.99	335.9
1968	5.164	1.832	32.9	6.11	1.98	236.3
1969	4.459	1.332	30.0	6.11	3.37	179.3
1970	8.538	3.105	35.2	6.11	3.75	404.8
1971	5.925	1.581	25.1	6.11	4.52	206.2
1972	4.4	1.101	25.8	6.55	7.43	158.6
1973	5.5	1.603	29.1	12.83	9.61	436.6
1974	5.8	1.856	32.8	19.80	29.99	806.2

TABLE 9

Cuba's Trade with Individual CMEA Members, Exclusive of U.S.S.R.
(In $ U.S. Millions)

	1969	1971	1972	1973	1974
East Germany, Total	81	112	81	105	180
Exports to	38	49	42	55	125
Imports from	43	63	39	50	55
Balance	-5	-14	+3	+5	+70
Czechoslovakia, Total	71	75	75	86	132
Exports to	43	44	42	45	70
Imports from	28	31	33	41	62
Balance	+5	+13	+5	+4	+8
Bulgaria, Total	53	56	60	97	145
Exports to	27	31	26	65	90
Imports from	26	25	34	32	55
Balance	+1	+6	-8	+33	+35
Romania, Total	43.8	27.8	20	26	65
Exports to	9.8	14.8	11	18	40
Imports from	34	13	9	8	25
Balance	24.2	+1.8	+2	+10	+15
Poland, Total	10.6	8.9	9	25	39
Exports to	7	7	7	14	25
Imports from	3.6	1.9	2	11	14
Balance	+3.4	+5.1	+5	+3	+11
Hungary, Total	7.6	20.0	16	18	37
Exports to	4.6	12	8	11	24
Imports from	3.0	8.0	8	7	13
Balance	+1.6	+4.0	0	+4	+11

Source: Central Intelligency Agency Handbook, Cuba Foreign Trade; July, 1975

TABLE 10

Major Soviet Exports to Cuba
(In Millions of Rubles)

	1968	1969	1970	1971	1972	1973
Machines, Equipment, Means of Transport	205.2	214.0	205.2	176.0	164.4	177.8
Of Which:						
Generating Equipment	3.3	2.5	7.9	5.3	4.5	8.1
Hoisting Gear	7.4	8.2	9.0	10.1	7.0	10.0
Road-building Equipment	10.3	12.0	12.6	13.8	9.9	9.5
Tractors, Agr. Machinery	24.4	37.9	31.0	31.3	29.8	37.2
Trucks and Parts	36.8	31.7	30.2	33.9	32.3	34.8
Aircraft	13.0	5.7	10.2	7.0	7.9	4.3
Oil and Oil Products	62.6	66.7	69.2	73.5	92.2	114.2
Rolled Ferrous Metals	13.1	11.3	17.5	15.9	15.1	16.7
Rolled Non-Ferrous Metals	9.9	8.8	9.3	8.9	8.2	7.6
Chemical Products	9.6	7.8	9.4	13.6	11.9	11.0
Nitrogen Fertilizers	9.2	5.9	6.1	4.9	4.6	5.0
Sawn Lumber	11.3	10.4	13.1	17.3	12.2	13.3
Cotton Fiber	11.7	8.0	10.2	12.0	10.1	10.6
Grain (Except Groats)	26.9	28.1	28.4	31.9	30.1	30.0
Canned Meat	14.7	11.8	12.6	15.4	13.6	15.6
Milk Products	6.8	6.3	6.6	6.4	7.8	9.7
Fish and Fish Products	8.2	8.7	9.2	10.4	11.3	17.5
Flour	27.1	25.9	22.4	24.8	26.0	24.4
Vegetable Oils (edible)	9.9	10.2	12.2	15.8	20.3	11.8
Consumer Goods	6.9	8.1	12.4	15.6	22.8	27.5
TOTAL (Including Other Items):						
Million Rubles	561.8	561.6	580.0	602.0	616.2	679.2
Million Dollars*	624.2	624.0	644.4	668.9	743.3	922.8

Source: Vneshniaia Torgovlia SSSR za 1969, 1971, 1973,"Mezhdunarednye Otnosheniia," Moscow, 1970, 1972, 1974

*1971: 0.9 rubles = $1.00; 1972: 0.829 rubles = $1.00; 1973: 0.736 rubles = $1.00

TABLE 11

Cuba: Trading Enterprises

Ministry of Foreign Trade

Minister: Mancelo Fernandez Font
First Vice Minister: Ricardo Cabrisas Ruiz
Vice Minister for Commercial Policies with:

Capitalist Countries: Richardo Cabrisas Ruiz
Socialist Countries : Herninio Garcia Lazo
The U.S.S.R. : German Amado-Blanco Fernandez

Enterprise	Director	Responsibilities
Import:		
ALIMPORT	Ricardo Espino Martinez P. O. Box 7006 Havana, Cuba	Foodstuffs, livestock
AVIAIMPORT	Eduardo Martinez Valdez Calle 23 Y "P" Edificio "Larampa" Vepado	Aircraft, navigation equipment
CONSTRUIMPORT	Olegario Cartelles Carp. de Varona, Kil. 1 1/2	Construction equipment
CONSUMIMPORT	Jose Luis Mestre Roca P. O. Box 6427 Havana, Cuba	Consumer durables
CUBACONTROL	Eddy Ramos Lopez P. O. Box 35 Havana, Cuba	Controls, supervises, and inspects exports and imports
CUBAHIDRAULICA	Antonia Riambau Martinez P.O. Box 70 Havana, Cuba	Irrigation equipment
CUBAMETALES	Dionisio Arranz Tremols P. O. Box 6917 Havana, Cuba	All metals, wire, fuel
CUBAPESCA	Rolando Alvarez Alvarez P.O. Box 138 Havana, Cuba	Fishing equipment

TABLE 11

Cuba: Trading Enterprises

(Continued)

CUBATEX	Isaac Abascal Coalla P. O. Box 6528 Havana, Cuba	Textiles, cordage, leather
EDUCUBA	Benito Fernandez Gashassin-Lafitte Obispo, No. 160 Havana, Cuba	Educational equipment
FECUIMPORT	Portirio Mederos Box 450 Havana, Cuba	Railway equipment
FERRIMPORT	Carlos Rodriguez Benitez Box 6258 Havana, Cuba	Hardware supplies
MAPRINTER	Justo Armesto Pons Box 2110 Havana, Cuba	Raw materials and intermediate goods
MAQIMPORT	Jose de la Fuente Menendez Box 6052 Havana, Cuba	Machinery and equipment
MEDICUBA	Orlando Romero Merids Box 6772 Havana, Cuba	Medical, hospital and pharmaceutical materials and equipment
QUIMIMPORT	Edgardo Machado Flores Box 6088 Havana, Cuba	Chemicals, fertilizer rubber and essences
TECNOIMPORT	Jose Enrique Quesada	Technology
TRACTOIMPORT	Guido Valiente Romero Box 6301 Havana, Cuba	Agricultural machinery
TRANSIMPORT	Antonio Vinagre Roca Box 6665 Havana, Cuba	Automotive and transportation equipment

TABLE 11

Cuba: Trading Enterprises

(Continued)

U.S.I.E.	Roberto Rodiriguez Llompart Aguiar No. 207 Havana, Cuba	Mining and drilling equipment
Export:		
CUBAZUCAR	Emiliano Lezcano Viqueira Box 6647 Havana, Cuba	Sugar and sugarcane by-products
CUBANIQUEL	Osmani Martinez Vasquez Box 6719 Havana, Cuba	Nickel ore
CUBAEXPORT	Tirso Luis Janicot Box 6719 Havana, Cuba	Foodstuffs and miscellaneous products
CUBATABACO	Alberto Ramos Suco Box 6557 Havana, Cuba	Tobacco and tobacco products
CUBARTESANIA	Mirtz Fuentes Rosado Box 230 Havana, Cuba	Handicrafts, clothing, leather goods, furniture
EXPORTADORA DEL CARIBE (CARIBEX)	Hector Hernandez Rodriguez Box 138 Havana, Cuba	Seafood
Others:		
CUBALSE	Francisco Calzadilla Nunez Box 647 Havana, Cuba	Shipping and Port authority
CUFLET	Fernando Hernandez Valdes Box 6675 Havana, Cuba	Maritime transport commissions and shipping agent

TABLE 11

Cuba: Trading Enterprises

EMPRESSA DE NAVAGACION MOMBISA	Casto Amador Hernandez Box 534 Havana, Cuba	Merchant fleet operations and purchasing
EMPRESSA CONSOLIDADA CUBANA DE AVIACION	Agustin Venero Dominguez Box 6215 Havana, Cuba	CUBANA - State Airline
INIT	Vivian Colls Puente Malecon y "G" Vedada, Havana	Tourist Bureau

TABLE 12

Cuba: Economic Assistance from the U.S.S.R.

(Million U.S. $)

	1961-67	1968	1969	1970	1971	1972	1973[a]	1974[a]
Balance-of-payments aid	1,393	432	494	231	509	631	418	273
Trade deficit with the U.S.S.R.	1,180	382	436	162	427	534	385	240
Interest Charges	59	28	34	45	57	69	0[b]	0[b]
Other invisibles	154	22	24	24	25	28	33	33
Cumulative aid	1,393	1,825	2,319	2,550	3,059	3,690	4,108	4,381[c]
Sugar subsidy payments[d]	632	150	86	150	56	-22	95	-325
Total cumulative aid	2,025	2,607	3,187	3,568	4,133	4,742	5,255	5,203

a/ Provisional

b/ A Cuban-Soviet agreement of December 1972 exempted Cuban debt from further interest charges.

c/ Consisting of (a) an estimated $3.9 billion in direct balance of payments assistance, (b) an estimated $450 million in development aid, and (c) an estimated $21 million grant in 1964 following Hurricane Flora. Since Cuba thus far has made no repayment, this sum represents Cuba's debt to the U.S.S.R. In 1972 the U.S.S.R. agreed to postpone the beginning of repayments until 1986.

d/ The annual value of sugar subsidy payments is estimated as the difference between the value of sugar exports to the U.S.S.R. and the value of these exports computed at the average price for Cuban sugar sold on the world market. It is considered a grant by the U.S.S.R. and is not subject to repayment.

Source: CIA Intelligence Handbook, Cuba: Foreign Trade

TABLE 13

Volume and Composition of Cuban Trade with Industrialized West[1/]
Exports to Industrialized West

(000 of U.S. $, % of Total)

SITC	Description	1970	%	1971	%	1972	%	1973	%	1974	%
0	Food and animals	154,887	82.5	184,068	87.3	202,433	88.3	267,431	86.6	600,222	91.4
1	Beverages and Tobacco	7,921	4.2	9,268	4.4	11,586	5.0	12,718	4.1	14,982	2.3
2	Crude Materials except Fuels	12,943	6.9	4,940	2.3	3,531	1.5	12,356	4.0	11,254	1.7
3	Mineral Fuels and related materials	z	z	2	*	z	z	1,458	.5	6,257	1.0
4	Animal and Vegetable Oils and Fats	z	z	z	z	z	z	41	*	37	*
	Subtotal - Primary Products	175,751	93.6	198.278	94.1	217.550	94.9	294.004	95.2	632,752	96.3
55	Chemicals	8,848	4.7	7,585	3.6	5,848	2.6	7,516	2.4	13,193	2.0
6	Manufactures	2,494	1.3	4,152	1.2	5,194	2.3	5,516	1.8	9,466	1.4
7	Machinery	190	*	297	.1	258	.1	73	*	93	*
8	Miscellaneous Manufactured Goods	358	.2	317	.2	261	.1	317	.1	489	*
9	Commodities and Transactions NEC	79	*	135	*	148	*	1,329	.4	733	.1
	Subtotal - Manufactures	11,969	6.4	12,486	5.9	11,709	5.1	14,751	4.8	23,974	3.7
	TOTAL EXPORTS	187,720	100.0	210,764	100.0	229,259	100.0	308,755	100.0	656,726	100.0

1/ The Industrialized West includes: Canada, United States, Japan, Austria, Belgium-Luxembourg, Denmark, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom.

* Indicates insignificant after rounding.

z - Zero

TABLE 14

Volume and Composition of Cuban Trade with Industrialized West[1/]
Imports from Industrialized West

(000 of U.S. $, % of Total)

SITC	Description	1970	%	1971	%	1972	%	1973	%	1974	%
0	Food and Animals	67,349	20.3	71,833	22.6	67,448	2.6	83,352	22.5	170,003	20.9
1	Beverages and Tobacco	201	*	151	*	218	*	130	*	320	*
2	Crude Materials except Fuels	1,684	.5	4,471	1.4	3,173	1.2	4,919	1.3	19,900	2.4
3	Mineral Fuels and Related Materials	380	*	303	*	1,656	.6	939	.3	1,373	.2
4	Animal and Vegetable Oils and Fats	911	.3	581	.2	569	.2	3,047	.8	7,653	.9
	Subtotal - Primary Products	70,525	21.2	77,339	24.3	73,064	28.4	92,387	24.9	199,249	24.5
5	Chemicals	62,414	18.8	36,418	11.4	40,477	15.7	53,705	14.5	110,220	13.5
6	Manufactures	49,016	14.8	39,927	12.5	41,337	16.1	83,193	22.5	211,196	25.9
7	Machinery	143,017	43.1	154,066	48.4	93,604	36.4	126,295	34.1	262,629	32.2
8	Miscellaneous Manufactured Goods	6,716	2.0	9,726	3.1	8,339	3.2	14,033	3.8	29,086	3.6
9	Commodies and Transactions NEC	413	*	837	.3	313	*	639	.2	2,619	.3
	Subtotal - Manufactures	261,576	78.8	240,974	75.7	184,070	71.6	277,865	75.1	615,750	75.6
	TOTAL IMPORTS	332,101	100.0	318,313	100.0	257,134	100.0	370,252	100.0	814,999	100.0

1/ The Industrialized West includes: Canada, United States, Japan, Austria, Belgium-Luxembourg, Denmark, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom.

* Indicates insignificant after rounding.

z - Zero

TABLE 15

Industrialized West Country Shares in Primary Goods[a/]
Exports to Cuba

(000 of U.S. $, % of Total)

Industrialized West Country	1970 $	1970 %	1971 $	1971 %	1972 $	1972 %	1973 $	1973 %	1974 $	1974 %
INDUSTRIALIZED WEST - TOTAL	70,290	100.0	74,332	100.0	73,065	100.0	90,863	100.0	193,621	100.0
Canada	46,589	66.3	44,325	59.6	52,555	71.8	71,759	78.9	123,205	63.6
France	5,786	8.2	9,722	13.1	2,474	3.4	1,873	2.1	21,417	11.1
Netherlands	9,201	13.1	10,698	14.4	1,945	2.7	6,148	6.8	18,444	9.5
Belgium/Luxembourg	1,217	1.7	1,504	2.0	2,867	3.9	4,644	5.1	11,854	6.1
United Kingdom	904	1.3	1,416	1.9	8,980	12.3	3,626	4.0	6,231	3.2
Japan	1,019	1.5	2,100	2.8	952	1.3	1,035	1.1	4,207	2.2
West Germany	1,439	2.1	355	.5	517	.7	1,236	1.4	3,528	1.8
Italy	267	.4	84	.1	80	.1	238	.3	2,114	1.1
Sweden	477	.7	3,456	4.6	1,689	2.3	239	.3	1,801	.9
Norway	2,740	3.9	z	z	z	z	1	*	743	.4
Austria	z	z	11	*	2	*	10	*	20	*
Denmark	651	.9	660	.9	1,003	1.4	51	*	56	*
Switzerland	z	z	1	*	1	*	3	*	1	*
United States	z	z	z	z	z	z	2	*	7	*

a/ SITC's 0 - 4

* Indicates insignificant after rounding.

TABLE 16

Industrialized West Country Shares in Manufactured Goods[a/]
Exports to Cuba

(000 U.S. $, % of Total)

Industrialized West Country	1970		1971		1972		1973		1974	
	$	%	$	%	$	%	$	%	$	%
INDUSTRIALIZED WEST - TOTAL	261,163	100.0	240,137	100.0	183,757	100.0	277,226	100.0	613,131	100.0
Japan	38,191	14.6	51,306	21.4	49,785	27.1	105,901	38.2	198,259	32.3
West Germany	25,237	9.7	16,211	6.8	19,236	10.5	31,541	11.4	109,789	17.9
France	52,348	20.0	31,318	13.4	23,985	13.1	26,338	9.5	59,091	9.6
Italy	58,806	22.5	45,141	18.8	15,546	8.5	21,558	7.8	60,794	9.9
United Kingdom	46,697	17.9	62,174	25.9	32,688	17.8	29,209	14.1	49,420	8.1
Belgium/Luxembourg	3,816	1.5	2,759	1.2	5,928	3.2	8,279	3.0	32,203	5.3
Canada	10,023	3.8	8,619	3.6	5,850	3.2	10,480	3.8	25,989	4.2
Sweden	4,844	1.9	8,934	3.7	6,966	3.8	10,553	3.8	22,238	3.6
Switzerland	12,212	4.7	6,162	2.6	13,633	7.4	11,833	4.3	16,315	2.7
Denmark	2,808	1.1	2,395	1.0	4,781	2.6	3,521	1.3	14,975	2.4
Netherlands	3,802	1.5	3,552	1.5	3,865	2.1	4,307	1.6	12,921	2.1
Austria	2,083	.8	1,176	.5	1,098	.6	2,300	.8	8,816	1.4
Norway	253	.1	361	.1	388	.2	1,376	.5	2,280	.4
United States	43	*	29	*	8	*	30	*	41	*

a/ SITC 5 - 9

* Indicates insignificant after rounding.

TABLE 17

U.S. Imports of Sugar and Major Sources

(Millions of U.S. $)

	1958	1972	1973	1974
TOTAL	568	824	918	2,256
Philippines	110	197	274	503
Dominican Republic	11	118	133	245
Mexico	13	101	109	229
Brazil	--	96	96	402
Peru	9	70	65	155
Cuba	407	--	--	--

TABLE 18

Cuba: Exports of Sugar and Major Recipients

(Millions of U.S. $)

	1958	1972	1973	1974
TOTAL	557	596	1,090	2,445
U.S.S.R.	14	156	445	830
Other CPE's[1/]	4	163	242	505
Japan	47	149	182	440
Other	127	128	221	670
U.S.	365	--	--	--

1/ Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, China, Mongolia, North Korea, North Vietnam

TABLE 19

Cuba: Exports of Sugar and Major Recipients by Quantity

	1958		1972		1973		1974	
	1000 Metric Tons	Percent of Total	1000 Metric Tons	Percent of Total	1000 Metric Tons	Percent of Total	1000 Metric Tons	Percent of Total
TOTAL	5,632	100	4,140	100	4,797	100	5,370	100
U.S.S.R.	188	3.3	1,097	26.5	1,661	34.6	1,900	35.4
Other CPE's[1/]	61	1.1	1,197	28.9	1,351	28.2	1,370	25.5
Japan	556	9.9	909	22.0	985	20.5	1,200	22.3
Other	1,587	28.2	937	22.6	800	16.7	900	16.8
U.S.	3,240	57.5	--	--	--	--	--	--

1/ Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, China, Mongolia, North Korea, North Vietnam

TABLE 20

WORLD NICKEL INDUSTRY
(Thousand short tons)

PRODUCER	1971 Production	1971 Exports	1972 Production	1972 Exports	1973 Production	1973 Exports	1974[e] Production	1974[e] Exports	Reserves
CANADA	294	102	259	101	269	91	290	87	8,000
U.S.S.R.	130	N.A.	140	N.A.	150[p]	N.A.	N.A.	N.A.	10,000
NEW CALEDONIA	112	70	98	40	109	52	115	61	15,400
AUSTRALIA	39	13	39	18	44	N.A.	N.A.	N.A.	2,500
CUBA	36	36	37	32	35	34[e]	35	34[e]	4,200
U.S.	17	26	17	22	18	22	17	34	-----
OTHER	74		93		110		300		
TOTAL WORLD	702		683		726		757		50,200

p - Preliminary
e - Estimate

TABLE 21

U.S. NICKEL IMPORTS
(Thousand short tons)

	1971	Percent	1972	Percent	1973	Percent	1974[p]	Percent
TOTAL	142	100	172	100	191	100	221	100
Of which from:								
CANADA	117	82.4	127	23.8	121	63.4	129	58.4
DOMINICAN REPUBLIC	---	---	3	1.7	14	7.3	19	8.6
NEW CALEDONIA	7	4.9	9	5.2	10	5.2	17	7.7
U.S.S.R.	---	---	-	---	4	2.1	11	5.0
NORWAY*	11	7.7	17	9.9	15	7.9	17	7.7
U.K.	2	1.4	7	4.1	11	5.8	12	5.4
OTHER	5	3.5	9	5.2	16	8.4	16	7.2

* Production with raw materials imported from Canada.
p Preliminary

TABLE 22

Selective List* of Tariff Rates

Tariff Number	Name of Product	Column 1 Tariff Rate (MFN)	Column 2 Tariff Rate
170.66	Cigars and Cheroots	95¢ per lb and 5% ad val	$4.50 per lb and 25% ad val
168.4520	Rum	$1.75 per gal	$5.00 per gal
155.20	Sugar derived from sugar cane (principally of crystalline structure or in dry amorphous form)	0.6625¢ per lb less 0.009375¢ per lb for each degree less than 100°	1.9875¢ per lb less 0.02815¢ per lb for each degree under 100°
419.74	Nickel Compounds-Sulfates	5% ad val	25% ad val

* Most products (even raw materials such as sugar and nickel) are subject to many different tariff rates depending on their make-up and degree of processing. The following is a selective list of tariffs applicable to certain products. It does not include all possible varieties which Cuba may export.

TABLE 23

Cuban Raw Sugar Production
Comparison with other World Producers

(Millions of Tons)

	*1958	1959	1960	1961	1962	1971	1972	1973	1974	1975	Percent of 1975 Total
Cuba	5.6	5.96	5.86	6.77	4.80	5.90	4.40	5.2	5.80	5.5	6.92
Brazil	2.84	3.45	3.26	3.45	3.62	5.1	5.4	6.3	6.9	7.4	9.31
U.S.S.R.	n/a	n/a	n/a	n/a	n/a	8.9	8.0	8.5	9.5	8.5	10.69
Philippines	1.37	1.53	1.63	1.5	1.62	2.06	2.55	2.54	2.91	2.7	3.4
United States	4.50	4.99	5.07	5.5	5.59	6.27	6.66	6.02	5.9	5.4	6.79
All Other	30.29	33.57	33.08	37.38	36.7	42.27	43.59	46.74	49.5	50.0	62.9
World Production	44.6	49.5	48.9	54.6	51.8	70.5	70.6	75.3	80.5	79.5	100.0

* Indicates end of crop year,e.g., 1958 for crop year 1957-58.

TABLE 24

Awards of the Foreign Claims Settlement Commission to Claimants Against Cuba

Type of Claimant	Number Filed	Number Awarded	Number Denied	Amount Awarded	Amount Denied
Corporate	1,146	898	248	$1,578,498,839.55	$1,277,494,373.14
Individual	7,670	5,013	947	221,049,729.14	269,363,329.53
TOTAL	8,816	5,911	1,195	$1,799,548,568.69	$1,546,857,702.67

Ten Highest Certifications of Loss

Claimant	Validated Award
1. Cuban Electric Company	$267,568,413.62
2. International Telephone and Telegraph, and International Telephone and Telegraph as Trustee	130,679,758.02
3. North American Sugar Industries, Inc., et al.	108,975,063.13
4. Moa Bay Mining Company	88,349,000.00
5. United Fruit Sugar Company	85,110,147.09
6. West Indies Sugar Company	84,880,957.55
7. American Sugar Company	81,011,249.24
8. Standard Oil Company	71,611,002.90
9. Bangor Punta Corporation, et al.	53,379,123.06
10. Texaco, Inc.	50,081,109.67

Appendix 2

Cuba maintains diplomatic relations with the following nations:

Canada
Mexico
United Kingdom
France
West Germany (Jan. 1975)
Spain
Italy
Belgium
Japan
Denmark
Jamaica
Trinidad and Tobago
Colombia (Mar. 1975)
Venezuela (Jan. 1975)
Barbados
Guyana
Peru
Argentina (May 1973)
Panama (Aug. 1974)
Liberia
Iran (Feb. 1975)
Australia
India
Egypt
Algeria
Indonesia
Ghana
Morocco
The Vatican
North Vietnam
Mongolia
North Korea
Albania
Hungary
Bulgaria
Poland
Romania
Czechoslovakia
East Germany
U.S.S.R.
People's Republic of China
Austria

Bahamas
Bangladesh
Burundi
Cambodia
Cameroon
Congo-Brazzaville
Cyprus
Dahomey
Finland
Gabon
Greece
Guinea
Equatorial Guinea
Guinea-Bissau
Iceland
Iraq
Kuwait
Laos
Lebanon
Luxembourg
Malagasy
Mali
Mauritania
Nepal
Netherlands
Nigeria
Norway
Portugal
Senegal
Sierra Leone
Somalia
Sri-Lanka
Sweden
Switzerland
Syria
Tanzania
Uganda
South Vietnam (RSVN)
South Yemen (PDRY)
Yugoslavia
Zaire
Zambia

Cuba is a member of the following international organizations:

United Nations

Administrative Council of the U.N. Development Program
Economic Commission for Latin America (ECLA)
UNESCO
International Labor Organization (ILO)
World Health Organization (WHO)
Food and Agriculture Organization (FAO)
International Sugar Organization
International Civil Aviation Organization (ICAO)
Universal Postal Union (UPO)
International Telecommunication Union (ITU)
World Meterological Organization (WMO)
Integrated Maritime Consultation Organization
UNCTAD III - Participated at Santiago in 1972
Law of the Sea Conference -- Attended at Caracas 1974
UNIDO-U.N. Industrial Development Organization

Others

Council for Mutual Economic Assistance (CMEA)
International Bank for Economic Cooperation (IBEC)
International Investment Bank (IIB)
General Agreement on Tariffs and Trade (GATT)
Pan American Health Organization (PAHO)
International Monetary Fund/World Bank - withdrew April 2, 1964 paying all debts due.
Inter-American Development Bank - Offered membership 1959, declined.
International Atomic Energy Agency (IAEA)

Appendix 3
Background Notes on Cuba

Geography

Area:	44,200 sq. miles
Population:	about 9.1 million
Capital:	Havana
Other major cities:	Santiago de Cuba, Camaguez; Nuevitas; Santa Clara; Cienfuegos; Matanzas
Chief ports:	Havana; Mariel; Cienfuegos; Santiago de Cuba; Matanzas; Carenas

People

Population:	about 9.25 million mid-75
Language:	Spanish
Literacy:	About 96%
Religion	Nominally Roman Catholic

Government

Legal name:	Republic of Cuba
Type:	Communist State
Leader:	Prime Minister Fidel Castro Ruz

Economy

Agriculture:	Main crops -- sugar, tobacco, rice, vegetables, citrus fruit

Background Notes on Cuba
(Continued)

Major industries:	Sugar milling, electric power, petroleum refining, nickel mining, food processing, cement.
Exports:	$2.7 billion f.o.b. (1974 est.); sugar, nickel, tobacco, shellfish
Imports:	$2.2 billion c.i.f. (1974 est.); capital equipment, industrial raw materials, food-stuffs, petroleum
Major trade partners:	Exports --USSR, Japan, Eastern Europe, People's Republic of China, Canada; Imports -- USSR, Eastern Europe, Japan, People's Republic of China
Monetary conversion rate:	1 Peso equals $1.21 US (Nominal)
Gross National Product:	$3.7 billion in 1966 (last figure available)

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